

FY 2002-03 BUDGET

BUDGET SECTION SUMMARY

Section Title:

RUSSIAN RIVER COUNTY SANITATION DISTRICT

A. Program Description

This budget finances operation, maintenance, and administration of a collection system, pumping stations, a treatment plant, and disposal facilities which serve the Russian River area.

B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 01-02 Adopted	FY 02-03 Requested	Percent Change	FY 01-02 Adopted	FY 02-03 Requested	Percent Change
Operations	\$2,985,500	\$3,032,000	1.56%	\$867,343	\$756,883	(12.74%)
Bonds	96,950	93,200	(3.87%)	(71,300)	(68,300)	(4.21%)
Revenue Bonds	72,000	69,750	(3.13%)	(56,250)	(59,450)	5.69%
Construction	1,166,359	3,907,600	235.03%	689,359	3,461,600	402.15%
TOTAL:	\$4,320,809	\$7,102,550	64.38%	\$1,429,152	\$4,090,733	186.23%

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 00-01 Actual	FY 01-02 Budget Estimate	FY 01-02 Revised Estimate	FY 02-03 Projected	Change from FY 01-02 Budget Estimate
TOTAL ESDs	3,142	3,137	3,137	3,168	0.99%
TOTAL APNs	3,321	3,321	3,321	3,321	0.00%

E. Summary of Issues and Significant Changes

The requested rate per ESD for FY 02-03 annual service charges is \$748, representing a 5.8% increase from FY 01-02. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to increase from the FY 02-03 budget. This revenue change is due to the rate increase and the fact that projected ESDs for FY 02-03 are higher than the FY 01-02 budget estimate.

The Russian River CSD treatment plant was completed in September 1980 and began operating in 1982. The Russian River CSD treatment plant is designed to treat an average daily dry weather flow of up to 7.1 million gallons per day (mgd) to advanced (tertiary) wastewater treatment standards. There has been no expansion of any treatment plant components since the system began operating. The treatment plant has historically experienced operational problems associated with flooding on the Russian River and with insufficient dry-weather disposal capacity. During flood events, inflows in excess of 1.2 to 1.8 mgd are treated to primary standards and discharged into the Russian River.

The Russian River CSD irrigates approximately 20 acres of forest area adjacent to the treatment plant (referred to as the Burch property) and approximately 40 acres of the Northwood Golf Course. The

(referred to as the Burch property) and approximately 40 acres of the Northwood Golf Course. The Northwood Golf Course has not been able to achieve the disposal rate which was expected when the treatment plant was constructed. As a result, increased irrigation has been required at the Burch property.

The Russian River CSD is under orders from the Regional Water Quality Control Board, North Coast Region's (NCRWQCB) to increase the reliability of its treatment plant during wet weather conditions. In order to comply with this order, the district proposed constructed of the Third Unit Process Project by which facilities included in the original design for the treatment plant would be constructed. The Russian River CSD has received favorable rulings in a lawsuit aimed at preventing construction of this project and on the subsequent appeal of this decision. The Third Unit Processes Project is currently being designed and is scheduled for completion by December 2003.

On May 28, 1998 the NCRWQCB issued Cease and Desist Order No. 98-57 (Order No. 98-57) to the Russian River CSD and the Sonoma County Water Agency for permit violations at the treatment plant during the flood event of February of 1998. Although the Agency appealed Order No. 98-57, two reports detailing short term and long term solutions to prevent discharges contrary to the Russian River CSD's Waste Discharge Requirements were submitted to the NCRWQCB in accordance with Order No. 98-57. Specific studies and other measures identified in the reports have been completed. Although the appeal of Order N. 98-57 has not been completely resolved, the Russian River CSD and NCRWQCB are negotiating a plan for the Russian River CSD which will satisfy both parties and, hopefully, resolve any outstanding issues with Order No. 98-57

The requested rates should provide the funds necessary to operate and maintain the Russian River CSD's collection system, treatment plant, and reclamation system. In addition to the funds needed for the ongoing operation of wastewater treatment and disposal facilities, the need for accruing funds necessary for the replacement of aging infrastructure is also necessary. The replacement of aging infrastructure is gaining importance both locally and nationally. At the Russian River CSD additional rate increases would be necessary to increase the level of capital replacement funding to ensure the long-term reliability of this system.

F. Summary of Reduction Options

No reduction options are proposed.

G. Attachments

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

FY 2002-03 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CSD - OPERATIONS

Section/Index No: 652107

Sub-Object No. and Title	Adopted 2001-02	Requested 2002-03	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1001 Flat Charges - CY	\$1,980,802	\$2,113,175	\$132,373	6.68%
1007 Flat Charges - CY Secured	5,000	5,000	0	0.00%
1061 Flat Charges - PY	100,000	100,000	0	0.00%
1120 Penalties / Costs on Taxes	15,000	15,000	0	0.00%
Subtotal Taxes	\$2,100,802	\$2,233,175	\$132,373	6.30%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$6,750	\$20,250	\$13,500	200.00%
Subtotal Use of Money	\$6,750	\$20,250	\$13,500	200.00%
<u>CHARGES FOR SERVICES</u>				
3400 Sanitation Services	\$10,605	\$21,692	\$11,087	104.55%
Subtotal Charges for Services	\$10,605	\$21,692	\$11,087	104.55%
TOTAL REVENUES	\$2,118,157	\$2,275,117	\$156,960	7.41%

EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$25,000	\$25,000	\$0	0.00%
6180 Maintenance - Bldgs / Impr	150,000	150,000	0	0.00%
6262 Lab Supplies	4,000	5,000	1,000	25.00%
6522 District Services	945,000	990,000	45,000	4.76%
6570 Consultant Services	20,000	0	(20,000)	(100.00%)
6573 Administration Costs	18,500	20,000	1,500	8.11%
6610 Legal Services	35,000	40,000	5,000	14.29%
6630 Audit / Accounting Services	16,000	11,000	(5,000)	(31.25%)
7212 Chemicals	35,000	25,000	(10,000)	(28.57%)
7217 State Permits / Fees	100,000	80,000	(20,000)	(20.00%)
7247 Water Conservation	10,000	0	(10,000)	(100.00%)
7320 Utilities	160,000	220,000	60,000	37.50%
Subtotal Services and Supplies	\$1,518,500	\$1,566,000	\$47,500	3.13%

Sub-Object No. and Title	Adopted 2001-02	Requested 2002-03	Difference	Percent Change
<u>OTHER CHARGES</u>				
7980 Depreciation	\$850,000	\$866,000	\$16,000	1.88%
<i>Subtotal Other Charges</i>	\$850,000	\$866,000	\$16,000	1.88%
<u>FIXED ASSETS</u>				
8510 Buildings / Improvements	\$0	\$0	\$0	N/A
8560 Equipment	0	0	0	N/A
<i>Subtotal Fixed Assets</i>	\$0	\$0	\$0	N/A
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$567,000	\$550,000	(\$17,000)	(3.00%)
<i>Subtotal Other Financing Uses</i>	\$567,000	\$550,000	(\$17,000)	(3.00%)
<u>APPROPRIATIONS FOR CONT</u>				
9000 Approp for Contingencies	\$50,000	\$50,000	\$0	0.00%
<i>Subtotal Approp for Contingencies</i>	\$50,000	\$50,000	\$0	0.00%
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9210 Advances	\$66,000	\$66,000	\$0	0.00%
9219 Advances - Clearing	(66,000)	(66,000)	0	0.00%
<i>Subtotal Administrative Control</i>	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$2,985,500	\$3,032,000	\$46,500	1.56%
TOTAL NET COST				
<i>(Expenditures Minus Revenues)</i>				
	\$867,343	\$756,883	(\$110,460)	(12.74%)

FY 2002-03 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Russian River CSD - Operations

Character Title: Taxes **Character No.:** 652107-10

1001 Flat Charges - CY

Flat charge revenue from annual service charges is expected to increase from the adopted FY 01-02 budget. The rate will increase 5.8%, from \$707 to \$748 and the number of ESDs charged on the tax roll is expected to remain at 3,139 for FY 02-03.

ESDs times annual rate:	3,139 x \$748	\$2,347,972
Less Estimated Delinquency Factor:	10%	(234,797)
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		\$2,113,175

1007 Flat Charges - CY Secured

This item records the Flat Charges-Current Year Secured

1061 Flat Charges - PY

This item records the estimated delinquent amount of prior years sewer service charges.

1120 Penalties/Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money **Character No.:** 652107-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$450,000
Projected Interest Rate	4.50%
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Projected/Planned Interest on Pooled Cash	\$20,250

Character Title: Charges for Services **Character No.:** 652107-30

3400 Sanitation Services

This account records annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges, in the following year.

Based on projected FY 02-03 ESDs, the District will experience an increase in revenue from invoiced entities. The budgeted revenue reflects an increase in the annual sewer service charge from \$707 to \$748. The number of invoiced entities is estimated to increase from 15 in FY 01-02 to 29 in FY 02-03.

ESDs x Annual Charge	29 x \$748	=	\$21,692
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6040 Communications

This account records expenses paid by the District for outside communication services such as Pacific Bell and AT&T, as well as for the cost of alarm services provided by Honeywell.

6180 Maintenance - Bldgs / Impr

This account records the cost of parts and materials required to maintain the collection system and treatment facilities.

6262 Laboratory Supplies

This account records the cost of lab supplies required for testing and monitoring wastewater.

6522 District Services

This account records the cost of labor and overhead required for operation and maintenance of the District's facilities and equipment, as well as other related service and supply items. The increase in the requested budget more accurately reflects actual expenses in this account.

6570 Consultant Services

There are no planned consultant services for FY 02-03.

6573 Administration Costs

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

6610 Legal Services

This item is requested to provide funds for the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

6630 Audit / Accounting Services

This item represents an estimate from the Auditor's Office for the FY 02-03 expense for the audit of the previous fiscal year (\$11,000, as set forth in the Budget Instructions). In addition, this item records the direct allocation of Auditor-Controller Fiscal Services staff costs for time expected to be spent on District accounting.

7212 Chemicals

This account records the cost of chemicals required for operation of the treatment plant in accordance with the District's NPDES permit, as required by the State Water Quality Control Board.

7217 State Permits / Fees

This account records the cost of obtaining the District's permits related to NPDES, as mandated by the Regional Water Quality Control Board.

7247 Water Conservation

For FY 02-03 there are no planned water conservation programs.

7320 Utilities

This account records the cost of utilities, such as gas, electricity, and water. This request has been increased in the forthcoming year, based upon current projections for higher power costs.

Character Title: Other Charges **Character No.:** 652107-75

7980 Depreciation

Generally Accepted Accounting Principles require that depreciation be expensed each year.

Character Title: Fixed Assets **Character No.:** 652107-85

8510 Buildings / Improvements

There are no Buildings / Improvements Projects planned for FY 02-03.

8560 Equipment

No expenditures for equipment are planned for the forthcoming year.

Character Title: Other Financing Uses **Character No.:** 652107-86

8625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the operations fund to the revenue bond fund to cover principal and interest payments, as well as to the construction fund to finance the capital replacement program. If the operations fund does not have sufficient cash available to finance planned capital projects, the transfer to the construction fund will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Transfer to Revenue Bond Fund	\$119,750
Transfer to Construction Fund	430,250
Total Operating Transfer	<u>\$550,000</u>

Character Title: Appropriations for Contingencies **Character No.:** 652107-90

9000 Appropriations for Contingencies

This account provides funding for unanticipated expenditures or revenue shortfalls.

Character Title: Administrative Control Account **Character No.:** 652107-92

9210 Advances

This account reflects increment payments to the County General Fund on a long term, interest free loan received for operating purposes (and not supported by EPA grant reimbursement). Annually, the District is required to repay \$66,000 on this outstanding loan. The loan balance on July 1, 2001 was \$482,153. Subtracting the annual payment of \$66,000, the outstanding loan balance on July 1, 2002 will be \$416,153.

9219 Advances - Clearing

This is the clearing account for sub-object 9210, Advances.

FY 2002-03 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Russian River CSD - Operations
Index No.: 652107

DESCRIPTION OF FUND ACTIVITY	Actual FY 00-01	Estimated FY 01-02	Requested FY 02-03
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings Available for Budgeting (See Detailed Components Below)	\$487,413	\$742,690	\$586,667
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	2,124,476	2,120,770	2,275,117
Expenditures - (Decrease) retained earnings	(2,629,130)	(3,081,118)	(3,032,000)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(504,654)	(960,348)	(756,883)
Adjustments to Reserves/Encumbrances:			
7980 Depreciation	823,243	865,064	866,000
9210 Advances (to County General Fund)	(66,000)	(66,000)	(66,000)
Capitalized Interest	(633)	0	0
Net Change in Encumbrance	3,321	5,261	0
Net Adjustment - Increase/(Decrease) to Retained Earnings	759,931	804,325	800,000
Undesignated/Unreserved <u>ENDING</u> Retained Earnings Available for Budgeting	\$742,690	\$586,667	\$629,784
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$255,277	(\$156,023)	\$43,117
<u>Retained Earnings Components at Beginning of FY</u>	7/1/00	7/1/01	
Cash	\$295,285	\$525,352	
Accounts Receivable	0	0	
Other Receivables (Flat Charges)	283,386	313,272	
Due from Other Governments	0	0	
Due to Other Funds	(66,000)	(66,000)	
Accounts Payable	(16,675)	(24,673)	
Interest Payable	0	0	
Encumbrances (Contract)	(8,583)	(5,261)	
Total Beginning Retained Earnings	\$487,413	\$742,690	

FY 2002-03 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CSD - REVENUE BONDS
 Section/Index No: 652214

Sub-Object No. and Title	Adopted 2001-02	Requested 2002-03	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$11,250	\$9,450	(\$1,800)	(16.00%)
Subtotal Use of Money	\$11,250	\$9,450	(\$1,800)	(16.00%)

OTHER FINANCING SOURCES

4625 OT - Within Spec Dist BOS	\$117,000	\$119,750	\$2,750	2.35%
Subtotal Use of Money	\$117,000	\$119,750	\$2,750	2.35%

TOTAL REVENUES	\$128,250	\$129,200	\$950	0.74%
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EXPENDITURES:

OTHER CHARGES

7920 Interest	\$72,000	\$69,750	(\$2,250)	(3.13%)
Subtotal Other Charges	\$72,000	\$69,750	(\$2,250)	(3.13%)

ADMINISTRATIVE CONTROL ACCOUNT

9200 Ent - Principal	\$45,000	\$50,000	\$5,000	11.11%
9209 Ent - Principal Clearing	(45,000)	(50,000)	(5,000)	11.11%
Subtotal Administrative Control	\$0	\$0	\$0	N/A

TOTAL EXPENDITURES	\$72,000	\$69,750	(\$2,250)	(3.13%)
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TOTAL NET COST (Expenditures Minus Revenues)	(\$56,250)	(\$59,450)	(\$3,200)	5.69%
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FY 2002-03 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Russian River CSD - Revenue Bonds

Character Title: Use of Money **Character No.:** 652214-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$210,000
Projected Interest Rate	<u>4.50%</u>
Projected/Planned Interest on Pooled Cash	\$9,450

Character Title: Other Financing Sources **Character No.:** 652214-46

4625 OT - W/in Special Dist - BOS

The revenues supporting the revenue bond are collected in the Operations Fund. This account reflects the transfer of cash from Operations to the Revenue Bond Fund to cover the annual principal and interest payment.

Character Title: Other Charges **Character No.:** 652214-75

7920 Interest

This account reflects the interest expense on the outstanding revenue bonds. The interest rate is 5%. Payments began April 1, 1982 and will continue semi-annually until April 1, 2020. The FY 02-03 request is based on the bond amortization schedule prepared at the time the bonds were sold.

Character Title: Administrative Control Account **Character No.:** 652214-92

9200 Ent - Principal

This account reflects the principal expense for the revenue bonds that were issued in 1981. Payments on the bonds will continue until April 1, 2020. The FY 02-03 request is based on the bond amortization schedule prepared at the time the bonds were sold.

The following reflects the bond principal payment history to date:

Original Amount of the Revenue Bond Issue:	\$2,000,000
Total FY 82-83 through FY 00-01 Principal Payments:	(560,000)
FY 01-02 Principal Payment:	<u>(45,000)</u>
Outstanding Bond Amount 6/30/02	\$1,395,000

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2002-03 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Russian River CSD - Revenue Bonds
Index No.: 652214

DESCRIPTION OF FUND ACTIVITY	Actual FY 00-01	Estimated FY 01-02	Requested FY 02-03
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$171,470	\$189,087	\$205,204
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	136,304	133,117	129,200
Expenditures - (Decrease) retained earnings	(73,687)	(72,000)	(69,750)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	<u>62,617</u>	<u>61,117</u>	<u>59,450</u>
Adjustments to Reserves/Encumbrances:			
9200 Ent - Principal	(45,000)	(45,000)	(50,000)
Net Adjustment - Increase/(Decrease) to Retained Earnings	<u>(45,000)</u>	<u>(45,000)</u>	<u>(50,000)</u>
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$189,087	\$205,204	\$214,654
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$17,617	\$16,117	\$9,450
<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/00</u>	<u>7/1/01</u>	
Cash	\$231,698	\$248,932	
Other Receivables	3,335	3,155	
Revenue Bonds Payable (Current)	(45,000)	(45,000)	
Contract Retention Payable	0	0	
Interest Payable	(18,563)	(18,000)	
Total Beginning Retained Earnings	<u>\$171,470</u>	<u>\$189,087</u>	

FY 2002-03 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CSD - BONDS
 Section/Index No: 652206

Sub-Object No. and Title	Adopted 2001-02	Requested 2002-03	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1000 Prop Taxes - CY Secured	\$150,000	\$150,000	\$0	0.00%
1020 Prop Taxes - CY Supplemental	1,500	1,500	0	0.00%
1040 Prop Taxes - CY Unsecured	1,000	1,000	0	0.00%
Subtotal Taxes	\$152,500	152,500	0	0.00%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$15,750	\$9,000	(\$6,750)	(42.86%)
Subtotal Use of Money	\$15,750	\$9,000	(\$6,750)	(42.86%)
TOTAL REVENUES	\$168,250	\$161,500	(\$6,750)	(4.01%)
EXPENDITURES:				
<u>SERVICES AND SUPPLIES</u>				
6635 Fiscal Agent Fees	\$200	\$200	\$0	0.00%
Subtotal Services and Supplies	\$200	\$200	\$0	0.00%
<u>OTHER CHARGES</u>				
7920 Interest	\$96,750	\$93,000	(\$3,750)	(3.88%)
Subtotal Other Charges	\$96,750	\$93,000	(\$3,750)	(3.88%)
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9200 Ent - Principal	\$75,000	\$80,000	\$5,000	6.67%
9209 Ent - Principal Clearing	(75,000)	(80,000)	(5,000)	6.67%
Subtotal Administrative Control	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES	\$96,950	\$93,200	(\$3,750)	(3.87%)
TOTAL NET COST (Expenditures Minus Revenues)	(\$71,300)	(\$68,300)	\$3,000	(4.21%)

FY 2002-03 BUDGET

CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Russian River CSD - Bonds

Character Title: Taxes

Character No.: 652206-10

1000 Prop Taxes - CY Secured

The Auditor-Controller establishes a tax rate sufficient to accumulate tax revenues necessary to make bond payments of interest and principal. The bonds were passed to fund construction of sewage facilities.

1020 Prop Taxes - CY Supplemental

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

1040 Prop Taxes - CY Unsecured

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

Note: The FY 2002-03 bond payment amount (principal and interest) is \$173,000. To avoid major fluctuations in the tax rate from year to year, the tax amount budgeted and/or collected each year may not correspond exactly to the annual bond payment (P&I). Over or under collection in any single year (when compared to the bond payment for that year) merely increases or decreases the fund balance retained in this index. The Auditor's long term tax rate calculations are designed to ensure that debt service obligations are met, while retaining an appropriate level of fund balance, and minimizing unnecessary tax rate fluctuations.

Character Title: Use of Money

Character No.: 652206-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$200,000
Projected Interest Rate	<u>4.50%</u>
Projected/Planned Interest on Pooled Cash	\$9,000

Character Title: Services and Supplies

Character No.: 652206-60

6635 Fiscal Agent Fees

This account records the fee collected by the County Treasurer for acting as the fiscal agent.

Character Title:

Other Charges

Character No.:

652206-75

7920 Interest

This account reflects the interest expense on the outstanding general obligation bonds. The interest rate is 5%. Payments began July 1, 1980 and will continue semi-annually until July 1, 2018. The FY 02-03 request is based on the bond amortization schedule prepared at the time the bonds were sold.

Character Title:

Administrative Control Account

Character No.:

652206-92

9200 Ent - Principal

This account reflects the principal expense for general obligation bonds that were issued in 1979 to finance the local share of a wastewater collection system. Payments on the bonds will continue until July 1, 2018. The FY 02-03 request is based on the bond amortization schedule prepared at the time the bonds were sold.

The following reflects the bond principal payment history to date:

Original Amount of the General Obligation Bond Issue:	\$2,900,000
Total FY 80-81 through FY 00-01 Principal Payments:	(965,000)
FY 01-02 Principal Payment:	<u>(75,000)</u>
Outstanding Bond Amount 6/30/02	\$1,860,000

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2002-03 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Russian River CSD - Bonds
Index No.: 652206

DESCRIPTION OF FUND ACTIVITY	Actual FY 00-01	Estimated FY 01-02	Requested FY 02-03
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$302,437	\$260,325	\$190,629
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	128,188	102,254	161,500
Expenditures - (Decrease) retained earnings	(100,300)	(96,950)	(93,200)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	<u>27,888</u>	<u>5,304</u>	<u>68,300</u>
Adjustments to Reserves/Encumbrances:			
9200 Enterprise Principal	(70,000)	(75,000)	(80,000)
Net Adjustment - Increase/(Decrease) to Retained Earnings	<u>(70,000)</u>	<u>(75,000)</u>	<u>(80,000)</u>
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$260,325	\$190,629	\$178,929
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	(\$42,112)	(\$69,696)	(\$11,700)
<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/00</u>	<u>7/1/01</u>	
Cash	\$302,437	\$260,325	
Accounts Payable	0	0	
Matured Principal Payable	0	0	
Interest Payable	0	0	
Total Beginning Retained Earnings	<u>\$302,437</u>	<u>\$260,325</u>	

FY 2002-03 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: RUSSIAN RIVER CSD - CONSTRUCTION

Section/Index No: 652305

Sub-Object No. and Title	Adopted 2001-02	Requested 2002-03	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$27,000	\$15,750	(\$11,250)	(41.67%)
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Subtotal Use of Money	\$27,000	\$15,750	(\$11,250)	(41.67%)
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ADMINISTRATIVE CONTROL

4200 ENT - LTD Proceeds	\$0	\$3,100,000	\$3,100,000	N/A
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4209 ENT - LTD Proceeds - Clearing	0	(3,100,000)	(3,100,000)	N/A
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4220 Contributed Capital	0	451,000	451,000	N/A
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4229 Contributed Capital - Clearing	0	(451,000)	(451,000)	N/A
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Subtotal Other Financing Sources	\$0	\$0	\$0	N/A
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OTHER FINANCING SOURCES

4625 OT - W/in Special Dist - BOS	\$450,000	\$430,250	(\$19,750)	(4.39%)
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Subtotal Other Financing Sources	\$450,000	\$430,250	(\$19,750)	(4.39%)
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TOTAL REVENUES	\$477,000	\$446,000	(\$31,000)	(6.50%)
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EXPENDITURES:

FIXED ASSETS

8500 Land	\$0	\$0	\$0	N/A
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8510 Building / Improvement	916,000	3,757,600	2,841,600	310.22%
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9142 Capital Replacement Program	250,359	150,000	(100,359)	(40.09%)
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9199 Rebudget - Bldg / Impr	0	0	0	N/A
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Subtotal Fixed Assets	\$1,166,359	\$3,907,600	\$2,741,241	235.03%
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TOTAL EXPENDITURES	\$1,166,359	\$3,907,600	\$2,741,241	235.03%
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TOTAL NET COST	\$689,359	\$3,461,600	\$2,772,241	402.15%
<i>(Expenditures Minus Revenues)</i>				

FY 2002-03 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Russian River CSD - Construction

Character Title: Use of Money

Character No.: 652305-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$350,000
Projected Interest Rate	<u>4.50%</u>
Projected/Planned Interest on Pooled Cash	\$15,750

Character Title: Administrative Control Account

Character No.: 652305-42

4200 ENT - LTD Proceeds

This account will record the anticipated receipt of \$3,100,000 from the State Water Resources Control Board Revolving Fund Loan Program for the purpose of the Third Unit Processes project.

4209 ENT - LTD Proceeds - Clearing

This is the clearing account for sub-object 4200.

4220 Contributed Capital

This account will record the receipt of proceeds from an anticipated grant from the USDA to finance the treatment plant upgrade.

4229 Contributed Capital - Clearing

This is the clearing account for sub-object 4220.

Character Title: Other Financing Sources

Character No.: 652305-46

4625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the capital replacement program. If the operations fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

8510 Buildings / Improvements

This account can be used to provide capacity to new users pursuant to the County General Plan (using connection fee revenue), as well as for treatment plant and reclamation system improvement projects.

The following Plant/Reclamation Improvement projects are planned for FY 02-03:

	<u>PCAS No.</u>	<u>Amount</u>
Third Unit Processes Project	3653	\$ 3,500,000
Third Unit Processes Project Lawsuit	3660	5,000
EIR - Disposal Irrigation	TBD	100,000
Disinfection	3657	10,000
Return Activated Sludge Control Valve	3612	142,600
Subtotal for Buildings / Improvements (Sub-object 8510)		<u>\$ 3,757,600</u>

9142 Capital Replacement Program

TBD \$ 150,000

This requested amount is intended to fund repair and replacement of the sewer collection system. Long-term replacement of existing facilities that are worn out and in disrepair will help to bring the facilities up to current sanitation standards and will extend the life of the sanitation infrastructure.

Subtotal for Capital Replacement Program (Sub-object 9142) \$ 150,000

Grand Total - Character 85 \$ 3,907,600

FY 2002-03 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Russian River CSD - Construction
Index No.: 652305

DESCRIPTION OF FUND ACTIVITY	Actual FY 00-01	Estimated FY 01-02	Requested FY 02-03
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$283,215	\$547,710	\$29,612
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	499,461	487,332	446,000
Expenditures - (Decrease) retained earnings	(312,181)	(1,033,411)	(3,907,600)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	187,280	(546,079)	(3,461,600)
Adjustments to Reserves/Encumbrances:			
4220 Contributed Capital	53,695	-	451,000
Capitalized Interest	(81,488)	-	-
Change in Encumbrances	105,008	-	-
Prior Year Encumbrance	-	27,981	-
4200 LTD Proceeds	-	-	3,100,000
Net Adjustment - Increase/(Decrease) to Retained Earnings	77,215	27,981	3,551,000
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$547,710	\$29,612	\$119,012
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$264,495	(\$518,098)	\$89,400
<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/00</u>	<u>7/1/01</u>	
Cash	\$425,509	\$664,237	
Other Receivables	1,644	6,548	
Accounts Payable	(10,949)	(95,094)	
Encumbrances (Contract)	(132,989)	(27,981)	
Total Beginning Retained Earnings	\$283,215	\$547,710	